It is possible to qualify for Medicaid if you own a home, but a lien can be placed on the home if it is in your direct personal possession at the time of your passing. To prevent this, you could give the home to loved ones, but you have to act well in advance so you don't violate the five-year look back rule.
The Medicaid program is in place to provide health insurance for people who have very limited financial resources. If you have had health insurance through your job or through a private relationship with an insurer throughout your life, Medicaid can seem irrelevant to you. Plus, when you are a senior citizen, you will have health insurance through Medicare.

All of this makes sense on the surface, and most of us do not think much about Medicaid while we are relatively young adults. However, the program does become quite important for a significant percentage of senior citizens, even those who were qualified for Medicare.

Why would Medicaid be important to someone who had health insurance through Medicare? The answer is this: Medicare does not pay for long-term care. The majority of senior citizens will need help with their day-to-day needs eventually, so everyone should be aware of this dynamic.

Long-term care is very expensive, and Medicaid does pay for it if you can qualify. This is why Medicaid should be on your radar when you are planning ahead for the latter stages of your life.

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HOME OWNERSHIP

Since Medicaid is a need-based program, there are income and asset limits that you must stay within if you want to qualify for coverage. The limit on countable assets is just $2000, but the word “countable” is quite operative.

Your home is not considered to be a countable asset for Medicaid eligibility purposes. However, there is an equity limit. We practice in the state of North Carolina, and in our state, the Medicaid home equity limit has been $552,000 throughout the 2015 calendar year. The figure can be adjusted to account for inflation each year, so a slightly higher number may be in place next year.

Sometimes a married person will apply for Medicaid coverage to pay for long-term care while his or her spouse is still capable of independent living. Under these circumstances, the healthy spouse could remain in the family home with no equity restraints.

MEDICAID RECOVERY AND LOOK-BACK PERIOD

Though you can qualify for Medicaid even if you are in direct personal possession of your home when you submit your application, you have to be

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aware of Medicaid recovery efforts. Under program regulations, the state must seek reimbursement from the estates of people who used Medicaid to pay for long-term care.

Since you cannot qualify if you have significant countable assets other than your home, Medicaid recovery would typically only be relevant if you owned a home while you were enrolled in the program. A Medicaid lien could be placed on the home under these circumstances.

To react to this potential scenario, you could potentially divest yourself of personal ownership of the home before you apply for Medicaid. You could give it to family members who would otherwise be inheriting it after your passing.

This takes careful advance planning, because there is a five-year Medicaid look-back. You are penalized and your eligibility is delayed if you give away assets within five years of applying for the program.

There is an exception to this rule when it comes to your home. If you have a child living in your home as your caregiver for at least two years before you apply for Medicaid to pay for nursing home care, you can give the child your property. The look-back would not apply, and there would be no liens placed on the home.
SUMMARY

Approximately 70 percent of senior citizens will someday need long-term care. Nursing homes are extremely expensive, and Medicare will not pay for custodial care. Nationally, the average charge for a year in a nursing home is over $90,000, and people often require multiple years of care.

Medicaid is the solution for a significant percentage of seniors who need long-term care, because it will pay for living assistance. Since it is a need-based program, there are income and asset limits. The good news is that some things do not count, and your home is one of these things.

It is possible to qualify for Medicaid if you own a home, but a lien can be placed on the home if it is in your direct personal possession at the time of your passing. To prevent this, you could give the home to loved ones, but you have to act well in advance so you don’t violate the five-year look back rule.

If you would like to learn more about Medicaid and nursing home asset protection, schedule a consultation with a licensed elder law attorney.

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REFERENCES

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http://longtermcare.gov
About the Author

John Potter

John Potter is an Estate Planning and Elder Law attorney in the Ballantyne area of Charlotte, North Carolina. His practice focuses exclusively on two areas: Estate Planning, helping individuals protect their families and preserve their legacies both during their lifetimes and after their deaths, including through Wills and Living Trusts; and Elder Law and special needs planning, assisting individuals in qualifying for Medicaid and other government benefits to offset the costs of long-term care, including nursing home care and other medical expenses.

Experience

After graduating from the University of Virginia School of Law in 2003, Mr. Potter clerked for United States District Judge Jennifer Coffman in Lexington, Kentucky. In 2004, he joined the law firm of Taft, Stettinius & Hollister LLP in Cincinnati, Ohio, where he practiced in the litigation section. His experience with estate and trust litigation left him with the conviction to help clients proactively take control of their affairs both to avoid unnecessary, time-consuming, expensive, and heart-breaking litigation and also to give clients the peace of mind and other benefits that come with proper planning.

Mr. Potter practiced estate planning and elder law in the northern Kentucky office of his family’s law firm beginning in 2008. In 2012, Mr. Potter moved to North Carolina and opened the Charlotte office of the Potter Law Firm Office. He is admitted to practice law in North Carolina, Kentucky, and Ohio, and he is accredited by the Department of Veterans Affairs.